

## HEALTHCARE RECOMMENDATIONS

### Health Care- Primary and Urgent Care

1. **Primary Care Facility** - The development of the site should facilitate the development of the primary care clinic(s), on or off site.
2. **Primary Care Facility Payer Mix** - The primary care clinic would accept all patients in need of service without regard to payer source.
3. **Primary Care Facility Services** – In addition to the normal range of primary care services, the clinic should include a clinical laboratory and x-ray capabilities.
4. **Urgent Care Facility** - The development of the site should facilitate the development of urgent care clinic(s), on or off site.
5. **Urgent Care Facility Payer Mix** - The urgent care clinic would accept all patients in need of service without regard to payer source.
6. **Urgent Care Facility Referrals** – The referrals for specialty care and inpatient care should not distinguish between sources of payment.
7. **Primary/Urgent Care Sponsorship** - The urgent care center and the primary care clinic should be under the same sponsorship/operated jointly, to enable efficient use of ancillary services, such as lab and x-ray

### Health Care - Clinic Operator

8. **Gardner Facility** - The development of the site should facilitate establishing a Gardner Health Network facility.

#### Any Clinic Operator should:

9. **Living Wage** - Provide a living wage to employees.
10. **Wages and Benefits** - Provide wages and benefits that are competitive with comparable community health clinics.
11. **Health Benefits** - Provide affordable health benefits that are competitive with comparable community health clinics.
12. **Management** - Provide opportunities (both formal and informal) for staff to work with management on issues affecting the work place, including staffing levels applicable to the healthcare provider's industry (community health clinics).
13. **Quality of Care** - Provide mechanisms in place for understanding and addressing quality of care issues. (For example, A collective bargaining agreement would fully satisfy this criteria)

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**Health Care- Hospital Services**

14. **Joint City County Taskforce** - A formal committee or group comprised of City, County, and stakeholders (including all the major health care providers; Regional, O'Connor, Kaiser, Valley Medical, etc.) should be formed to work collaboratively on health care issues facing the downtown and the City. The work of this group would be coordinated with and informed by the general plan update (see below)
15. **General Plan Update** - The General Plan update should be expanded to include recommendations for health care/health care facilities/site to 2040. The question of best site(s) for future hospital/medical uses should be addressed as part of the General Plan update and should look at both the downtown, with a growing and aging population, as well as other growth areas in the city including North San Jose and Coyote Valley.
16. **Future Hospital Site** – If the process to identify a site(s) for future health and hospital services needed for downtown and north San Jose (recommendations 14 and 15) fails to identify and designate a viable hospital services site within two years then the City should designate at least 5 acres for a future downtown hospital.
17. **Planning Process** – The planning process described above should include an analysis of:
  - Future demand for health care services
  - Current and future capacity of existing providers
  - Risk posed to existing health care system by any new hospital

**Health Care – Other**

18. **Reuse of adjacent Medical Office Buildings** - Priority for any Medical Office Building is reuse of existing Medical Office Buildings along East Santa Clara Street (e.g. the Medical Office Building at 25 N 14<sup>th</sup> Street)
19. **Bridge Retrofit/Replacement** - The bridge across Coyote Creek at Santa Clara that provides connections between downtown and the east side should be seismically retrofitted/replaced to allow emergency vehicle access in case of earthquake.
20. **Health Care Reform** - Uses for the site should be considered based on possible insurance and healthcare reforms and not strictly on the current state of the market.
21. **HCA Support for Primary/Urgent Care Clinic** - HCA should provide meaningful support that facilitates a viable plan for a new/expanded primary/urgent care clinic serving downtown.
22. **Operating Partnerships** - The City should actively pursue partnerships with organizations such as The Health Trust to support ongoing operational costs associated with expanded primary/urgent care services downtown.
23. **Health Care Transportation** - Explore options with VTA and/or other independent living services to increase access, streamline process, and decrease cost for transportation for non-emergency healthcare needs.

## LAND USE RECOMMENDATIONS

### Land Use- Residential

24. **Single Family Infill** - The land currently used for the parking lot on the north side. St John Street between 15<sup>th</sup> Street and 16<sup>th</sup> Street should be developed with detached single family homes.
25. **Residential infill** - The lot where currently a surface parking lot exists on East St. John at North 13<sup>th</sup>, should be developed for maximum two-story residential use, unless the land is required to provide additional needed space for primary/urgent care facility.
26. **Ancillary Properties** - Parking lots owned by HCA on the north side of the main property should be restored to single-family residential use.
27. **Santa Clara Urban Form** - The largest/most urban scale buildings should be along Santa Clara Street.
28. **Building Massing Step Back** - The size and mass of the buildings should step back as they transition from Santa Clara to St. John Street. (e.g. higher urban density along Santa Clara, more moderate urban density in the middle of the site and lower density, with a maximum of two stories along St. John Street.)

### Land Use- Circulation and Parking

29. **Block Pattern** - The original traffic grid/block pattern should be restored (But not to through traffic).
30. **Walkability** - The site should be walkable and pedestrian oriented.
31. **Cut Through Traffic** - Vehicle traffic should not be able to cut through the entire site; i.e. bike and pedestrians through, cars not.
32. **Parking Demand** - The new parking demand generated by the development should be appropriately accommodated on site with a minimum of surface parking;
33. **Structured Parking** - Any structured parking should be designed to fit within the site and neighborhood context.
34. **Parking Structure Location** - There should be no large parking structures along E. St John Street.
35. **Parking Structure Design** - Any parking structures should be designed so that they are not monolithic (e.g. wrapped with other uses, ground floor retail, good design, etc.) Underground and/or below grade parking is preferred where technically feasible.
36. **Traffic Calming** - Plans for development of this property should include significant traffic calming to control speed and primary routes of additional trips generated.

### Land Use- Retail

37. **Retail/Commercial Minimum Square Footage** should be part of the development along Santa Clara Street (some minimum amount of square footage should be required to be neighborhood serving retail)
38. **Retail Limit** - Limit the size of retail to avoid creating a major regional shopping center which would generate too large a traffic impact. (e.g. The retail along Santa Clara and The Alameda that includes Seven Restaurant and Riga bakery is the right scale. A new Super market, or Santana Row, would not be.)

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39. **Retail/Commercial Urban Form** development should be urban in form, ideally vertically mixed with other uses above (i.e. *not* stand alone “power center” type retail, with large amounts of surface parking)

**Land Use - Parks and Landscaping**

40. **Parks Improvements** - Parks improvements accompanying the development should connect the site to existing trails and parks such as Coyote Creek Trail and the new Roosevelt Community Center. The site does not necessarily need large open space of its own.
41. **Tot Lot** - Incorporate a neighborhood accessible tot -lot in the design.
42. **Landscaping** - Incorporate attractive landscaping through out. Don't let "hardscape" be the predominant exterior feature.

**Land Use – Fire Station**

43. **Health Care v. Fire Station Relocation** - A Primary/Urgent Care Facility is a higher priority than the relocation of the Fire Station.
44. **Fire Station #8 Relocation on Site** - If Fire Station #8 is relocated on site it should face Santa Clara Street, and could be co-located with other medical uses.
45. **Fire Station Locational Preference** - The Fire Station location should be based on fire operational needs rather than located on the SJMC site just because land may be available.

**Land Use - Design Principles and Other**

46. **Mixed Use (Residential and Retail)** - The portion of the site not designated for Health Care should be developed as a mixed-use development with residential and retail uses.
47. **Stakeholder Advisory Committee for Development** - Form a Stakeholder Advisory Committee to work with the developer and appropriate city agencies regarding design as well as parking and traffic mitigations.
48. **Open Communities** Avoid creating walled communities; amenities should be shared where-ever possible to create an extension of the community rather than a separate one.
49. **Design – Historic** If a residential use is approved, those most closely adjacent to existing residential uses, should reflect and extend design elements of the historic homes in the area (similar to the design effort for the development behind Walgreens at 17th and Santa Clara St.).
50. **Special Opportunity** This property represents a special development opportunity for San Jose and as such, should be a model of unique and excellent urban design regardless of use.
51. **Long Term Planning** Uses for the site should be considered based on long term planning (10 to 50 years).

**COMMUNITY SUPPORT RECOMMENDATIONS**

1. **Zoning Historical Use** - The historical use of the site and value as a community asset should be strongly weighed in considering any zoning changes.
2. **Land Value** - All of the site should be allowed to divert to uses consistent with the land use recommendations of the Stakeholder Advisory Committee (mixed use residential and retail) only if the contribution of the property owner and other resources available are sufficient and in place to support the health care recommendations of the Stakeholder Advisory Committee. (primary/urgent care)
3. **Land Reservation for a Hospital** - In addition to land required for a Primary/Urgent care facility, land should be set aside or reserved for a future Hospital.


**San Jose Medical Center  
Stakeholder Advisory Committee Roster**

<b>Name</b>	<b>Affiliation</b>
Bob Brownstein	Working Partnerships USA
George Chavez	East Santa Clara Business Association
Roz Dean	Coalition for a Downtown Hospital
Jody Hansen	Silicon Valley Chamber of Commerce
Dennis Hickey	San Jose Downtown Association
Nancy Hickey	University Neighborhoods Coalition
Les Levitt	Naglee Park Campus Community Association
Jim Murphy	SCV Health & Hospital System
Julia Ostrowski	13th Street NAC
Joe Pambianco	Julian St. James Neighborhood Association
Patti Phillips	Horace Mann Neighborhood Association
Andrew Reid	SEIU - United Healthcare Workers West
Gary Schoennauer	Hospital Corporation of America, Inc. (HCA, Property Owner)
Ernie Wallerstein	San Jose Medical Group
Paula Velsey	Five Wound Brookwood Terrace NAC

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To: San Jose Medical Center Stakeholder Advisory Committee  
From: Henry W. Zaretsky, Ph.D.   
Date: October 11, 2007  
Re: Recommendations for Committee Action

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Now that the Committee's deliberations are drawing to a close, in my role as your health care consultant I am forwarding my recommendations for your consideration.

I have been studying this issue since mid 2004, before the closure of San Jose Medical Center (SJMC). My involvement began with the City and the County retaining me to assess the likely impact of SJMC's imminent closure on the community served by the hospital. I was guided in that effort by a very able and committed Technical Advisory Committee, whose members are well represented on your Stakeholder Advisory Committee. The report on that effort was submitted in late 2004, just at the time of SJMC's closure.<sup>1</sup>

That analysis showed, to my initial surprise, that the downtown community is likely to face a hospital bed shortage by 2020, even with the proposed expansion of Regional Medical Center (RMC). That projection is based on:

- (1) Population projections generated by the Association of Bay Area Governments (ABAG);
- (2) RMC's expansion plans; and
- (3) Santa Clara Valley Medical Center's building plans.

Thus, even with these building plans there is likely to be a shortage by 2020 of inpatient capacity readily accessible to the downtown population. The projected demand for hospital services on the part of the downtown population is driven by a projected aging of this population. Certainly projections are not guaranteed, and there could be an unanticipated increase (i.e., not accounted for at the time the projections were made) in capacity on the part of nearby hospitals, such as O'Connor.

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<sup>1</sup> *San Jose Medical Center Closure Study: Final Report*, Henry W. Zaretsky & Associates, Inc., November 15, 2004.

Notwithstanding these uncertainties, I believe it is in the best interests of the City of San Jose to plan for needed hospital capacity in the coming decade. At worst, hospitals currently serving the downtown community will expand capacity beyond what is currently planned, making such a planning effort redundant.

While the unmet hospital needs are not immediate, a considerable lead time is necessary to effectively plan for hospital facilities. Thus, I believe there is an immediate need for the City to establish a formal planning process, including a commitment to making an appropriate site available. As mentioned in the 2004 report, "Local elected officials should seize on this 'early warning' by establishing a planning process and an implementation strategy to ensure such a bed shortage does not materialize."<sup>2</sup>

There are also immediate health needs that do not involve constructing hospital facilities. These needs include a primary care clinic and an urgent care center.

***I thus recommend:***

***(1) Establishment of a primary care clinic on or near the current SJMC site. Given the demographics and payer mix of the local population that was served by SJMC, it is essential that this clinic commit to accept all patients in need of care without regard to financial sponsorship; and***

***(2) Establishment of an urgent care clinic on or near the current SJMC site. Similarly, this facility should commit to accept all patients in need of care without regard to financial sponsorship.***

The economic feasibility of these services should be assured by an enforceable agreement requiring the property owner (HCA) to provide significant resources. With respect to the primary care clinic, a one-time capital subsidy may be necessary to enable the Gardner Clinic to relocate to the immediate SJMC area. If the Gardner Clinic cannot commit to also provide urgent care services, HCA's sponsorship of an urgent care clinic on a site close (hopefully adjacent) to the primary care clinic should be considered.

***Regarding hospital services, I recommend immediate commencement of the planning process discussed above, along with a commitment by the City to designate an appropriate site as the planning process proceeds. The City should designate staff and provide a sufficient budget for the planning process.***

I do not recommend designation of a portion of the current SJMC site for a future hospital for two reasons. First, other sites may be more appropriate, especially given the projected growth in the North San Jose area. Selecting a site accessible to both downtown and North San Jose would enable development of a larger, better equipped and more financially viable hospital. Second, attempting to designate a portion of the current SJMC site for a future hospital would generate conflict between the City and HCA that

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<sup>2</sup> *op. cit.*, p. 11.



has the potential to derail development of the more immediately needed primary care and urgent care clinics.

I will be available at your November 7 meeting to discuss these recommendations further.

**Former San Jose Medical Center  
Health Care and Land Use Recommendations Summary Report  
February 25, 2008**

### **I. Introduction**

#### **Background**

The former San Jose Medical Center (SJMC) is located at 675 East Santa Clara Street in the “Central” area of San Jose, approximately one mile east of Downtown and one-half mile northeast of the campus of San Jose State University. The San Jose Medical Center opened in 1923 and served the greater Downtown San Jose area for 81 years, until its closure in 2004.

SJMC facilities included a general-acute-care hospital, a trauma center, pediatric intensive care unit, cardiovascular surgery, a cancer center, and a family-practice residency program affiliated with Stanford University. SJMC was licensed for 302 general-acute-care beds; available beds during its last full year of operation in 2003 totaled 176. SJMC operated as a not-for-profit hospital until 1996, when it was acquired by Hospital Corporation of America (HCA), a for-profit hospital chain then known as Columbia/HCA. HCA relocated programs to other HCA-owned hospitals in the area in 1998, with obstetrics relocated to Regional Medical Center of San Jose and geriatric and psychiatric programs relocated to Good Samaritan Hospital.

In 2004, HCA gave 90-days notice and then closed the SJMC facility, three years ahead of its previously-stated schedule. SJMC’s remaining payer mix was not conducive to profitability, and of nine total buildings on the campus, six were acute care facilities subject to the seismic upgrade requirements of SB 1953, the “Hospital Facilities Seismic Safety Act.” These buildings included the main hospital and additions to that structure.

Closure of SJMC reduced the number of trauma centers in Santa Clara County from three to two. The loss of the local emergency room and family practice/primary care facilities especially affects the greater Downtown San Jose community. Groups most affected include elderly and low-income residents, particularly those without access to an automobile. Local hospitals that have absorbed displaced patients include the Santa Clara Valley Medical Center (SCVMC), O’Connor Hospital, and Regional Medical Center; Regional does not currently accept Medi-Cal patients, other than emergencies, for inpatient care.

Closure of SJMC has also had negative effects on land use in surrounding areas, particularly nearby medical -related properties and businesses that provided ancillary services and physician office space. The vacant SJMC site is considered an eyesore by nearby 13<sup>th</sup> Street Neighborhood residents and merchants in the local E. Santa Clara Street Neighborhood Business District (NBD). The success of efforts to revitalize E. Santa Clara Street and to support local residential property values are affected by the disposition of the SJMC property.

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Just prior to SJMC's closure in 2004, the City and County jointly funded a health study commonly referred to as the "Zaretsky Study," to assess the health care implications. The study concluded that there was a need for certain types of health care services in Downtown San José to replace those lost with SJMC. In response, the City Council authorized a Request for Qualifications (RFQ), encouraging interested parties to submit proposals for re-using the San Jose Medical Center site for locally-oriented medical and health care services. Responses were not satisfactory, and in April 2006 the Council authorized creation of a Stakeholders Advisory Committee (SAC) to assess health care and land use options, and to develop a consensus-based land use plan for re-development of the site.

The *Former San Jose Medical Center Study Recommendations* area incorporates:

- a) the 11.1-acre former medical center campus site, bounded by East St. John Street on the north, East Santa Clara Street on the south, N. 17<sup>th</sup> Street on the east, and N. 14<sup>th</sup> Street on the west;
- b) a 1.1-acre SJMC-related parking lot located across East St. John Street to the north, between N. 16<sup>th</sup> and N. 15<sup>th</sup> Streets, and;
- c) the 0.2-acre Fire Station #8 site, located to the southeast across East Santa Clara Street at the corner of S. 17<sup>th</sup> Street.

### **Overall Study Objectives**

The study was intended to produce analysis that would be shared with the community over a multi-month period, affording the community the ability to fully review potential health care and land use alternatives. Health care analysis included examining the potential for a comprehensive outpatient health services facility and the viability of future expansion into a full service hospital. The study was also intended to investigate opportunities for including a diverse range of housing and to address other economic and social issues that the wider community advocates.

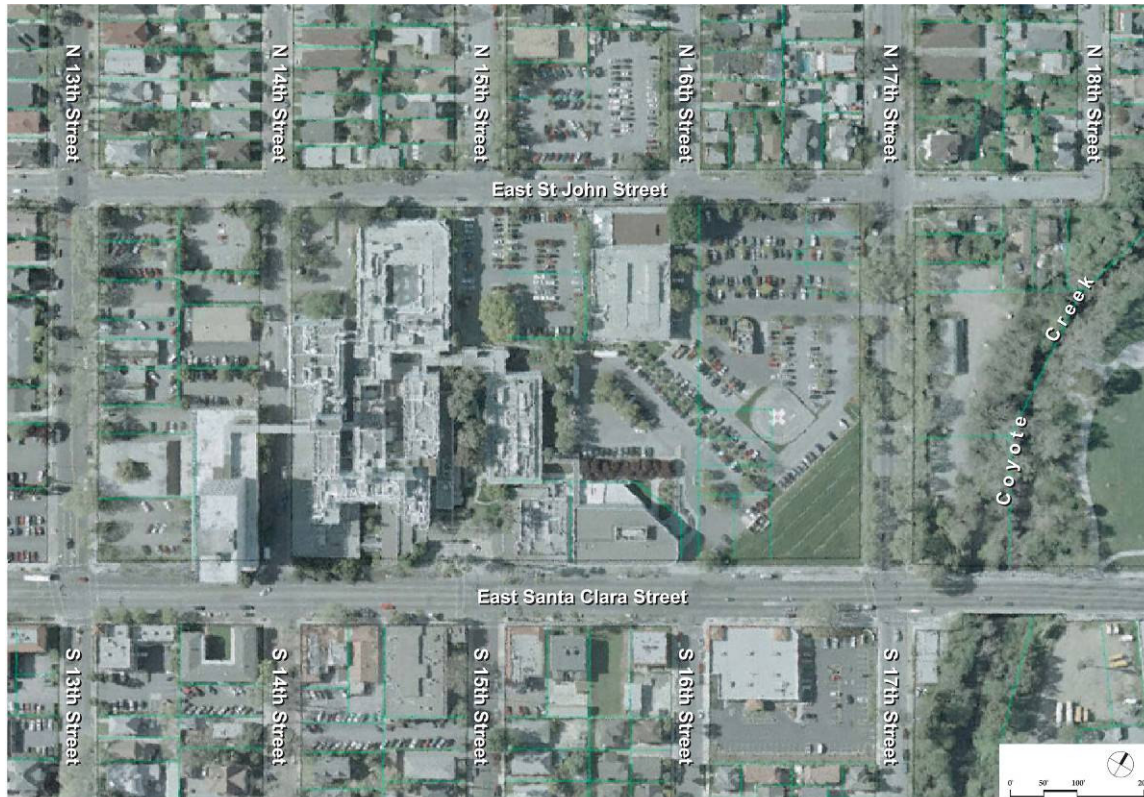
The anticipated outcome was a series of recommendations for the long-term redevelopment of the HCA property that the City would utilize in reviewing any proposal by HCA for reusing the property. Additionally, the study will explore the revitalization opportunities along the East Santa Clara Street corridor near the HCA property.

### **Health Care Study Objectives**

1. Assess the viability of developing a comprehensive, outpatient health services facility including an urgent care clinic to address the immediate and pressing health care needs of the greater downtown population and meet the basic, primary and urgent care needs of the surrounding neighborhoods. This should include a range of options as to type and size of facility.

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2. If a health services facility is viable, examine the viability of future expansion of the facility into a full service hospital.
3. Investigate the opportunities of including a continuing care retirement community.
4. If appropriate, work with staff to identify other potentially viable long-term health care facility sites within the downtown area.



**Site Aerial Map**

### Land Use Study Objectives

1. Examine the potential of a comprehensive outpatient health services facility and the viability of future expansion into a full service hospital.
2. Investigate the opportunities for including a diverse range of housing, including a continuing care retirement community.
3. Identify a 5+/- acre area at the Former SJMC site for future expansion into a comprehensive medical facility/hospital (including a helipad) to serve the future medical needs of the projected populations in the greater Downtown area as identified by the Zaretsky Study.

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4. Identify other potentially viable long-term health care facility sites within the greater Downtown area.
5. Assess the relocation of Fire Station #8 and its incorporation into the SJMC site.
6. Assess land use alternatives enhancement and support of the East Santa Clara Neighborhood Business District.

### The Study Process

The Stakeholder Advisory Committee (SAC) established by the City Council included 15 members representing local neighborhood associations, health care providers and health care advocacy groups, business and labor associations, and the property owner. The SAC conducted 17 working meetings between June 2006 and November 2007, proceeding from review of background issues and data to evaluation of options for local health care services, site development, and modification of land use designations. The SAC's initial recommendations were previewed at a Community Meeting/Workshop in mid-October, 2007, and finalized in its November 7, 2007 meeting.

SAC meetings were open to the public and noticed accordingly. Meetings were facilitated by City of San Jose staff, with supporting analysis and assistance from health care and land use consultants as needed. Guest participants included representatives of local hospitals and other health care providers. SAC recommendations were based on a consensus-oriented decision-making approach that was developed by City staff to focus on discrete issues. The strength of SAC recommendations related to each issue ranged "not recommended," to "general agreement," to "strong recommendation," to "strongest recommendation."

The SAC's recommendations are summarized below and described in detail in Chapter III.

### Principal Study Recommendations

#### Land Use Recommendations in Brief

- Residential and Retail (Mixed Use)
  - Create the most urban form (highest density) along Santa Clara Street\*
  - Step back into the single family neighborhood to the north
  - Include affordable housing
  - Activate the street with ground floor retail
  - Parking and Circulation
  - Create walkable pedestrian friendly blocks
  - Ensure adequate parking in well designed structures,
- Parks and Landscaping

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- Connect to existing trails, creeks, and community centers
- ❑ Fire Station #8 Location
  - Should be located based on operational needs (and therefore east of the creek)
- ❑ Future Site Design Process
  - Include neighborhoods in the planning process
  - Treat the property as a special opportunity
- ❑ Bridge over Coyote Creek
  - Replace/Upgrade the bridge over Coyote Creek\*

\*Note: These land use recommendations would support the development of the site as a new urban neighborhood with significant opportunity for retail. Since the time these recommendations were made, it appears that development directly along E. Santa Clara Street will likely be constrained by a newly proposed alignment for the BART line (to avoid the bridge pilings). This will require some adjustments in the originally contemplated urban form of the site to accommodate the same density of development.

- ❑ Taking into account the northern tunnel alignment, the recommended form of development would be:
- ❑ Along the frontage of E. Santa Clara to the maximum feasible within the constraints of the easement and tunnel, (roughly one level underground parking and four levels of development above ground)
- ❑ In the middle section of the site at a higher density (and the highest on the site) to accommodate the density displaced from Santa Clara Street by the easement and tunnel.
- ❑ In the northerly section of the site in a manner that steps back into the adjacent residential neighborhood.

### Health Care Recommendations in Brief

- ❑ Expand affordable Primary Care services downtown
- ❑ Expand affordable Urgent Care services downtown
- ❑ Establish/Expand Gardner Family Health Networks downtown facilities
- ❑ Ensure clinic operator provides competitive benefits and good employee-management environment
- ❑ Establish a Joint City-County Taskforce to look at future hospital services/health care and include health care as part of the General Plan update.
- ❑ Reuse existing Medical Office buildings such as 25 N. 14th Street.

These recommendations emphasize acting now to address the current need for access to primary and urgent care while continuing to work collaboratively to address the longer-term issue of hospital services.

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### Community Support Recommendations

While the SAC was able to come to near consensus their 51 strong recommendations, there were three items that were important to many SAC members but that did not have the support of the property owner, HCA. The SAC decision making framework provides the opportunity for the SAC to make Community Support Recommendations on items where HCA is not supportive but there is otherwise broad and deep support among the Stakeholders. These three items are presented below in their entirety.

1. **Zoning Historical Use** - The historical use of the site and value as a community asset should be strongly weighed in considering any zoning changes.
2. **Land Value** - All of the site should be allowed to divert to uses consistent with the land use recommendations of the Stakeholder Advisory Committee. (mixed use residential and retail) only if the contribution of the property owner and other resources available are sufficient and in place to support the health care recommendations of the Stakeholder Advisory Committee. (primary/urgent care)
3. **Land Reservation for a Hospital** - In addition to land required for a Primary/Urgent care facility, land should be set aside or reserved for a future Hospital.

### II. Existing Conditions and Options

#### A. Health Care

##### Local Health Care Facilities

Health care facilities that remain to serve the local community since closure of SJMC include the following:

- ***Good Samaritan Hospital***: a general acute-care facility with a licensed bed capacity of 429; located in southwest San Jose; private for-profit entity owned by HCA; provides emergency services.
- ***O'Connor Hospital***: a general acute-care facility with a licensed bed capacity of 358; located in west San Jose; private not-for-profit entity; provides emergency services.
- ***Regional Medical Center of San Jose***: a general acute-care facility with a licensed bed capacity of 204; located in east San Jose; private for-profit entity owned by HCA; provides emergency services.
- ***Santa Clara Valley Medical Center***: a general acute-care facility with a licensed bed capacity of 524; public entity operated by the County of Santa Clara; provides emergency services and a broad array of tertiary services.

Regional Medical Center and Valley Medical Center both have plans for major renovation and expansion. Regional Medical Center's plans call for an increase of from 19 to 172 beds by 2013; Valley Medical Center's plans call for an increase of 49 beds by 2013.

The ***Gardner Family Health Network***: a not-for-profit entity operates a number of primary-care clinics in the vicinity, including the Gardner and St. James Health Centers, both of which are located within the Downtown area.

##### Local Health Care Needs

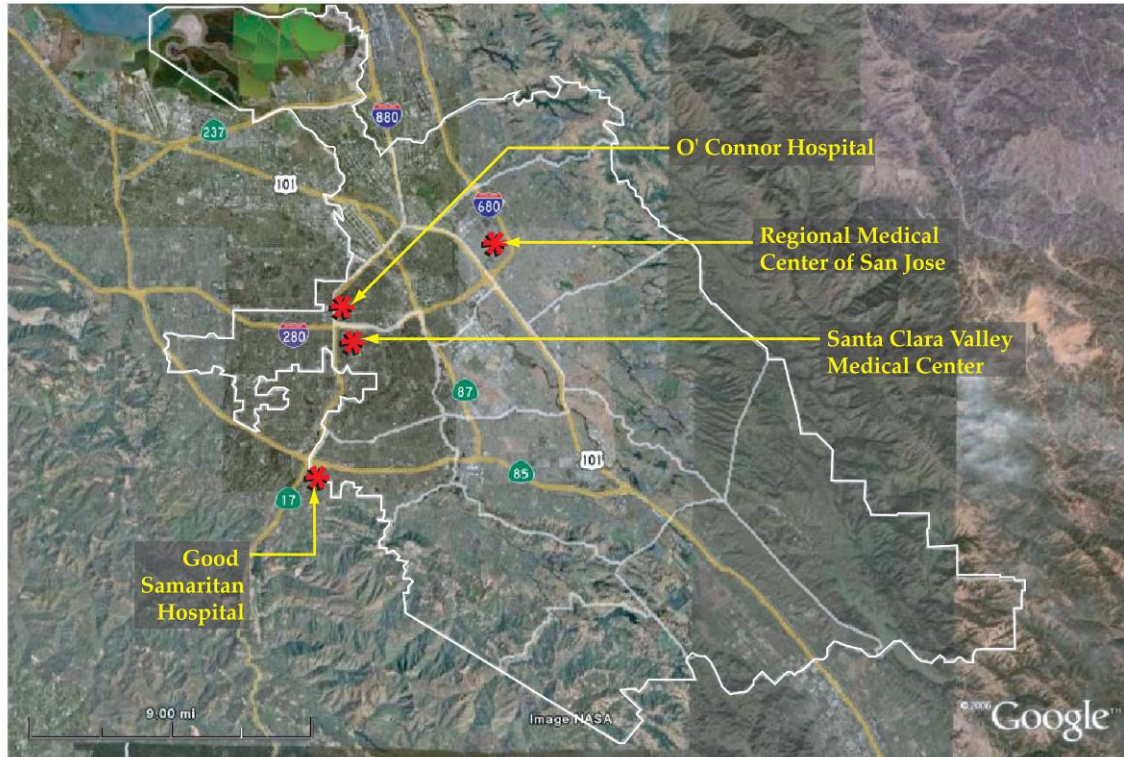
The abrupt closure of San Jose Medical Center in late 2004 left a gap in health-care services readily accessible to residents of the Downtown area. This gap is comprised of:

- (1) General-acute-care beds;
- (2) A trauma center;
- (3) An emergency room;
- (4) Non-emergency outpatient services formerly provided at SJMC; and
- (5) An unknown number of physicians with offices near SJMC that elected (or will in the future elect) to move to locations adjacent to other hospitals.



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The plan on the part of SJMC's owners (HCA) was to consolidate services (including the trauma center) at Regional Medical Center, some 2.5 miles away. While from health-planning and economic perspectives this plan makes sense, it still represents a worsening in the status quo for many downtown residents. For those residents in need of care without ready access to private transportation it represents a hardship.



### Locale San Jose Hospitals

**Trauma Center.** Of the five components of the gap identified above, the loss of the trauma center should create fewer problems than the loss of other services. A more comprehensive Level I trauma center is available at Santa Clara Valley Medical Center, some 7.3 miles away, with the former SJMC Level II trauma center relocated to Regional. Thus, there are two trauma centers within a 7.3-mile radius of the SJMC site.

**General Acute-Care Beds.** The loss of general-acute-care beds represents a greater loss to the community, but is of less urgency than the loss of the other services. The primary reasons are:

- (1) During its last few years of operation, SJMC had an occupancy rate of approximately 33 percent. Approximately one third of its patients resided in the downtown area, and among hospitals serving the downtown population, SJMC had the third ranking market share;
- (2) While the Downtown population is likely to face a bed shortage in a few years, planned increases at Regional and available beds at O'Connor Hospital and Valley

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Medical Center could accommodate Downtown needs until 2015-2020, assuming beds at all these hospitals are available to all patients, regardless of their financial sponsorship; and

(3) Most-frequently-used health services are emergency-room visits and other outpatient services, either in hospital outpatient departments, clinics, or physicians' offices. The SJMC emergency room and outpatient clinic no longer exist, and many physicians have relocated to the Regional or O'Connor campuses.

A complicating factor is Regional's cancellation of its Medi-Cal contracts with the California Medical Assistance Commission (CMAC), covering the senior and disabled Medi-Cal beneficiaries, and with the Santa Clara Family Health Plan and Blue Cross Medi-Cal plan, covering mainly families and children. Thus, Regional's beds do not replace all those lost from SJMC's closure. Rather than improve the health delivery system, which the promised consolidation could have accomplished, the local delivery system was harmed. Non-emergency Medi-Cal inpatients are now diverted mainly to O'Connor and Valley Medical Center, causing distortions and adverse economic effects. If there is no reasonable promise of a reversal of this status, the consolidation of services and capacity at Regional cannot be considered an adequate substitute for a Downtown hospital.

***Emergency Services.*** The loss of the emergency medical service at SJMC represents a greater loss to the community than the loss of inpatient capacity. While emergency rooms at nearby hospitals are available to patients with emergency medical conditions regardless of payer source, Downtown patients will have to travel a greater distance. An emergency service cannot be freestanding; it must be part of a hospital. Without building a new hospital, the next best thing is establishing an urgent care clinic on or near the SJMC site. To avoid distortions, the clinic must accept Medi-Cal patients, and not discriminate according to payer source when referring patients to hospitals. It should not be allowed to refer Medi-Cal patients to one hospital and private-insurance patients to another.

***Non-Urgent Primary Care.*** Non-urgent outpatient capacity is also an important gap to be filled. At a minimum, this would involve a primary-care clinic that accepts all patients in need of service without regard to payer source. The clinic should include a clinical laboratory and x-ray capabilities. As suggested for the urgent care center, referrals for specialty care and inpatient care should not distinguish between sources of payment. Ideally, the urgent care center and the primary care clinic would be under the same sponsorship, to enable efficient use of ancillary services, such as lab and x-ray. While including specialty care would be beneficial to the community, especially the elderly and chronically ill, establishing a multi-specialty group is a major undertaking and may not be financially feasible over the near term.

### **Health Care Provision Options**

The highest priority for serving Downtown's health care needs is establishing a primary care

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clinic and urgent care center, ideally under the same management and in the same facility. These facilities should not discriminate on the basis of payer source in treating patients and/or referrals for specialty and hospital care. (There is currently an urgent care clinic, Bay Area Urgent Care, located across the street from the SJMC site at 696 E. Santa Clara Street. However, this clinic does not accept Medi-Cal.)

Establishing these facilities may require a capital subsidy, which could be provided by new high value development on the SJMC site. A new primary care and urgent care clinic could be constructed on the SJMC site or could be located off site. A potential alternative location could be the “Chavez medical office building” located next door at 25 N. 14<sup>th</sup> Street; this building, however, is in need of updating and refurbishing. The following array of options are listed for consideration, with no specific recommendations offered at this time:

- (1) Facilitate development of the primary care and urgent care clinics, on- or off-site, and allow the remainder of the site to divert to non-health-care development, with the intention of tapping the increased value of the site to provide a sufficient subsidy for the clinic’s development.
- (2) Designate sufficient space for a small urban hospital. This could be costly without a hospital operator in place. The longer the site is vacant, the greater the cost to the property owner and to the City. The most feasible configuration from a health-system perspective may be construction of a satellite hospital of a large, out-of-area tertiary-level medical center, such as Stanford. This type of facility would be a primary-care hospital for the community and a “feeder” to the primary medical center.

Given the local demographics and payer mix it is doubtful that a freestanding hospital is feasible. To-date, no major hospital operator has come forward expressing interest in developing a new facility on the site. If one did, it could potentially force Regional to abandon its expansion and seismic upgrade plans, which could force it to close by 2013-15. Worse, the new hospital could also then abandon its plans, creating a critical shortage of health care services in the area.

Given the health care findings, options, and risks described above, the following program of potential actions was identified for SAC review and consideration.

- Develop a primary care clinic, accepting all patients in need of care without regard to financial sponsorship, and an urgent care clinic should be established on, or near, the current SJMC site.
- Reserve an appropriate site for a new hospital in an area readily accessible to Downtown residents and future residents of areas expected to experience considerable growth.
- Establish a health planning process guided by the City and County and involving consumers and providers. In addition to advising on a new hospital site and the type of

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hospital to be constructed, the health care planning process would monitor and publicize the performance of San Jose hospitals in meeting community needs.

The pros and cones of this program are summarized below.

### *Program Pros*

1. Puts the City on record acknowledging that additional hospital capacity will be needed by 2020 to meet the acute-care (in-patient) needs of the Downtown population.
2. Encourages the City and the County to establish a health care planning process.
3. Encourages existing local hospitals to take steps to address acute-care needs to preclude a future potential competitor.
4. Encourages a potential hospital operator to come forward.
5. Not designating a site for a new hospital could encourage local hospitals to maintain a capacity shortage to increase their negotiating leverage with private health plans and Medi-Cal.
6. Not designating a site could encourage local hospitals to expand capacity just enough to discourage entry of a new hospital, but not enough to adequately meet community needs. (This could happen even if a site is designated.)
7. If the new hospital site was adequate and in an appropriate location, it could meet needs of North San Jose as well as Downtown (see Land Use section, below). This could accelerate the hospital's development.
8. Targeting North San Jose in addition to Downtown could improve the financial feasibility of a new hospital and enable development of a larger, more comprehensive hospital.
9. If the new hospital site is not the SJMC site, conflict with the SJMC property owner and a potential stalemate over development of a possible new clinic would be avoided.
10. Monitoring local hospitals' performance regarding access for uninsured and Medi-Cal patients could provide local providers an incentive to act in the public interest.
11. A health care planning process offers the City of San Jose an opportunity to integrate health planning with land use planning to improve the health of its residents.

### *Program Cons*

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1. If the current SJMC site is designated for development of a new hospital, conflict with the property owner is likely to preclude development of clinic and urgent care center on the site.
2. If another hospital site is designated, it could discourage non-hospital medical-related projects (e.g., medical office building, lab, x-ray) on the SJMC site, since potential providers and investors may prefer to locate near a new hospital and medical campus.
3. Restoration of health care access for former SJMC consumers could be compromised if the location of a new designated site is not convenient to the greater Downtown area.
4. Designation of a specific site could discourage existing hospitals from making capital investments that would improve health care at their facilities.
5. If the health care planning process does not commence shortly after designation of a new hospital site, momentum could be lost and pressures could mount to allow other uses of this site.

### B. Land Use

#### Site Features, Context, and Land Use Designations

**Site Features.** The former SJMC study area consists primarily of the campus “superblock,” which extends along E. Santa Clara Street between N. 17<sup>th</sup> Street on the east and N. 14<sup>th</sup> Street on the west. Former acute-care buildings are concentrated on the west portion of the site, with supporting office and parking areas to the east. An ancillary 1.1-acre parking lot site is located to the north across E. St. John Street. A small triangular “green” is located at the southeast corner of the site adjacent to N. 17<sup>th</sup> Street. These areas are outlined on the “Site Subareas Map” on the following page.

The SJMC campus contains nine identifiable buildings/additions, developed in response to San Jose’s growth over the course of the 20<sup>th</sup> century. These buildings include the original 1923 hospital structure, as well as the “Oaks Building” addition, the 1980 “Rad Lab” building on E. Santa Clara Street, and the original San Jose IBM computing facility, located on E. St. John Street between N. 15<sup>th</sup> and N. 16<sup>th</sup> Streets. Buildings range in height from one-story – i.e., the former IBM building – to the five-story original hospital structure. Most buildings range between three and four stories. All of the campus buildings are vacant, except the Rad Lab, and the site is surrounded by protective chain link fence.

The campus superblock interrupts the local area street grid, with 15<sup>th</sup> and 16<sup>th</sup> Streets both terminating at the site. This protects residential areas to the north from through-traffic, but also blocks pedestrian and bicycle movement through to E. Santa Clara Street.

**Local Context.** Coyote Creek and Roosevelt Park are approximately 200 feet and 300 feet east, respectively, from the former SJMC campus. Frontage properties east across N. 17<sup>th</sup> Street are owned by the San Jose Water Company. West across N. 14<sup>th</sup> Street is the 10-story “Chavez medical office building,” which incorporates a parking structure as well as first-floor medical commercial space. The surrounding block contains smaller-scale medical-related office buildings and associated surface parking areas. Two- and three-story medical office buildings are also located along the southerly frontage E. Santa Clara Street across from the SJMC site. Rents in these medical office buildings have declined and vacancy rates have increased since the closure of SJMC; e.g., vacancy in the Chavez building is estimated to be approximately 50%.

To the north across E. St. John Street are the single-family residential properties of the 13<sup>th</sup> Street Neighborhood. This large neighborhood area extends both north and south of E. Santa Clara Street, and contains many attractive older Victorian- and Craftsman-style homes. The 13<sup>th</sup> Street Neighborhood is part of the greater “Northside” area, home to San Jose’s oldest neighborhood association.

The *13<sup>th</sup> Street Neighborhood Improvement Plan* (2002) contains a number of goals and objectives related to the SJMC site. These include the following:



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- **Plan Goal 4:** Reinforce the economic health and vibrancy of the Santa Clara Street Corridor that recognizes the city's vision a "Main Street" while protecting neighborhood resources adjacent to the corridor.

- **Public Environment Policy:** Preserve San Jose Medical Center or equivalent downtown medical services.

- **Priority Action 6:** Ensure the Availability of Full-Service Hospital Facilities, Particularly Trauma Center Services, with the Greater Downtown.

- **Priority Action 10:** Encourage Infill of Small Residential Vacant Lots with Historic Buildings or Appropriately Scaled and Designed Projects that Maintain the Character of the Neighborhood.



**Site Subareas Map**

The SJMC site is located within the boundaries of the "East Santa Clara Street Neighborhood Business District (NBD)," which extends from 24<sup>th</sup> Street on the east to 7<sup>th</sup> Street on the west. Though the majority of frontage properties are commercial, storefront buildings and businesses are concentrated east of the SJMC site between 17<sup>th</sup> and 24<sup>th</sup> Streets. The E. Santa Clara Street NBD has been a designated City of San Jose Redevelopment Project Area since 1988, and revitalization efforts continue throughout the district. Recent efforts included renovations of

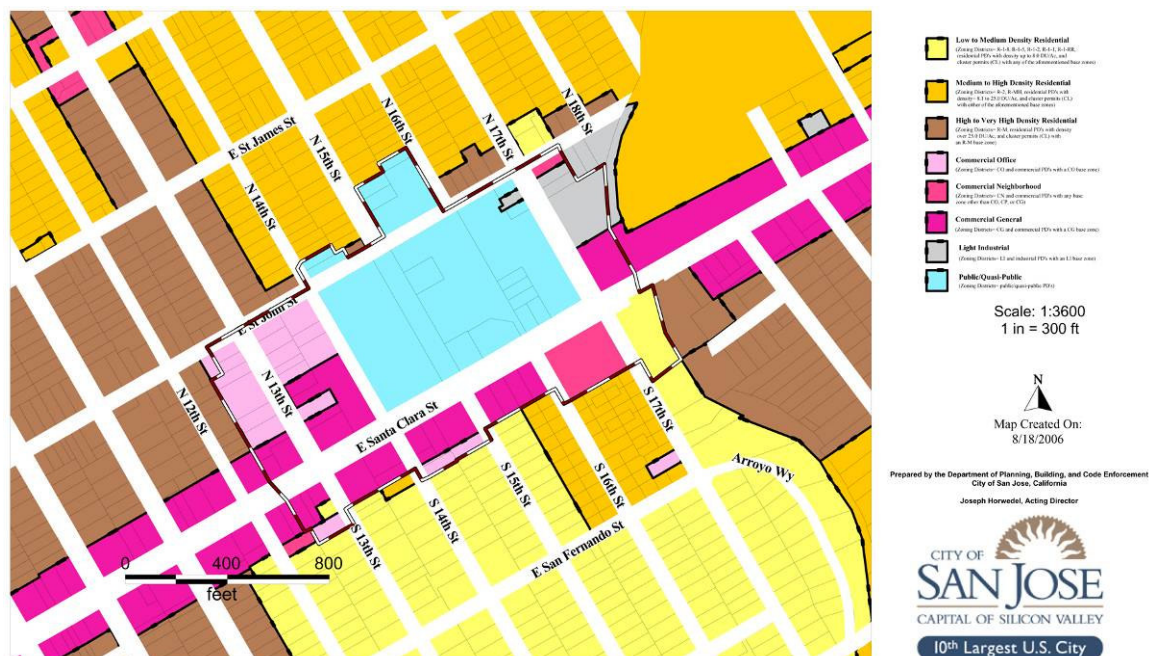
## ATTACHMENT 4

Roosevelt Park and Horace Mann Elementary School, and over 80 storefront and building façade upgrades.

Closure of the San Jose Medical Center has had negative effects on land uses and properties in adjacent areas. The SJMC was an “anchor” land use that supported smaller nearby medical offices and pharmacies, and the market support for these businesses no longer exists. The site’s vacant buildings and chain link-fenced perimeter creates a negative visual impression along E. Santa Clara Street, further depressing rents and the value of nearby commercial properties. The site’s appearance also negatively affects nearby residential properties, especially those across E. St. John Street to the north. The absence of medical professionals and SJMC visitors to the area has reduced the number of patrons for local shops and restaurants within district as well.

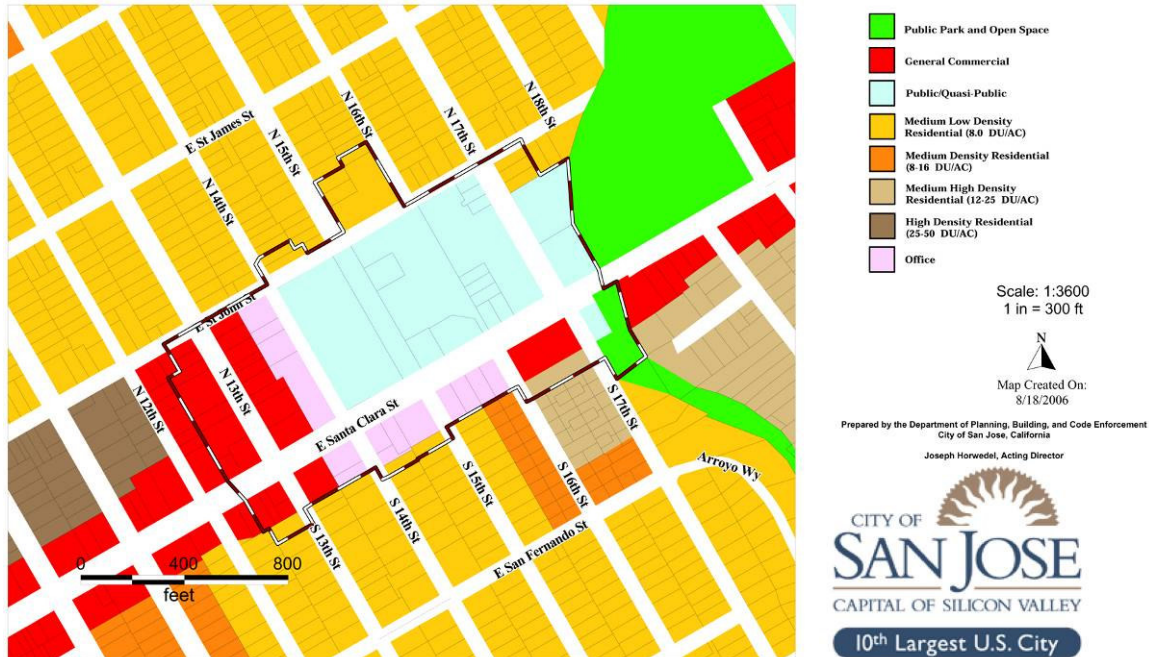
**General Plan and Zoning Designations.** The *San Jose 2020 General Plan* and zoning ordinance both designate the former SJMC site for “Public/Quasi-Public” land use. The General Plan designates the surface parking site north of E. St. John “Medium-Low Density Residential,” zoning designates the site “Public/Quasi-Public.”

The General Plan designates frontage properties across from the site along E. Santa Clara Street and along the west frontage of N. 14<sup>th</sup> Street for "Office." Properties to the east and west along E. Santa Clara Street are designated "General Commercial." Zoning designates all E. Santa Clara Street properties for "Commercial General." Land use designations are indicated by General Plan and Zoning maps provided on the following pages.



## Zoning Map





**General Plan**

## Land Use Options

A principal objective of the *Health Care and Land Use Study Recommendations* process was to evaluate a range of potential land use scenarios. Initial land use options identified by the Stakeholders Advisory Committee (SAC) are described below, and the general pros and cons of each are summarized. Based on SAC review and discussion, all of these options include designation of the parking lot site on the north side of E. St. John Street for infill single-family residential development.

**Concept 1 - All Hospital/Health Care** - This concept preserves the existing “Public/Quasi-Public” designation for the entire 11-acre superblock bounded by East St. John, East Santa Clara, N. 17<sup>th</sup> and N. 14<sup>th</sup> Streets. The goal of this concept is re-use of the entire site for a new hospital/health care facility, similar in function to the former San Jose Medical Center.

Pros (+) and cons (–) are:

- (+) Maintains anchor use for ESC Street health care-oriented businesses
- (+) Significant new investment/facilities would support land values and surrounding investment
- (+) Transit and walk-in accessibility for Downtown community; reduces length of vehicle trips
- (+) Supports local medical office businesses, building occupancies
- (–) Scale of development, traffic could impact nearby residential properties

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- (-) Creates large gap in ESC Street commercial frontage
- (-) Facility type not geared to take advantage of proximity to Coyote Creek open space
- (-) Could block through-access from neighborhood to ESC Street
- (-) Hospital/health care land use not guaranteed by P/Q-P land use designation  
i.e., site could remain vacant or be developed with non-health care use

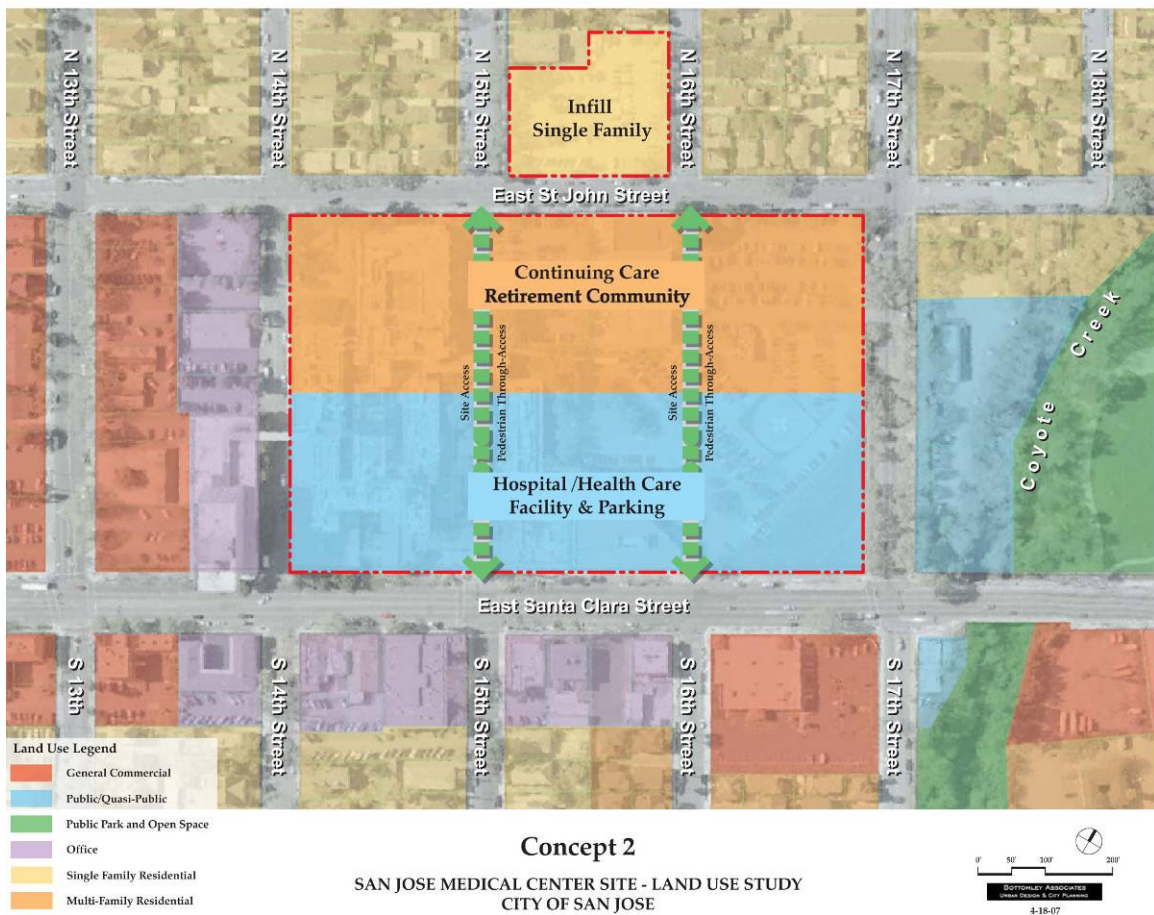
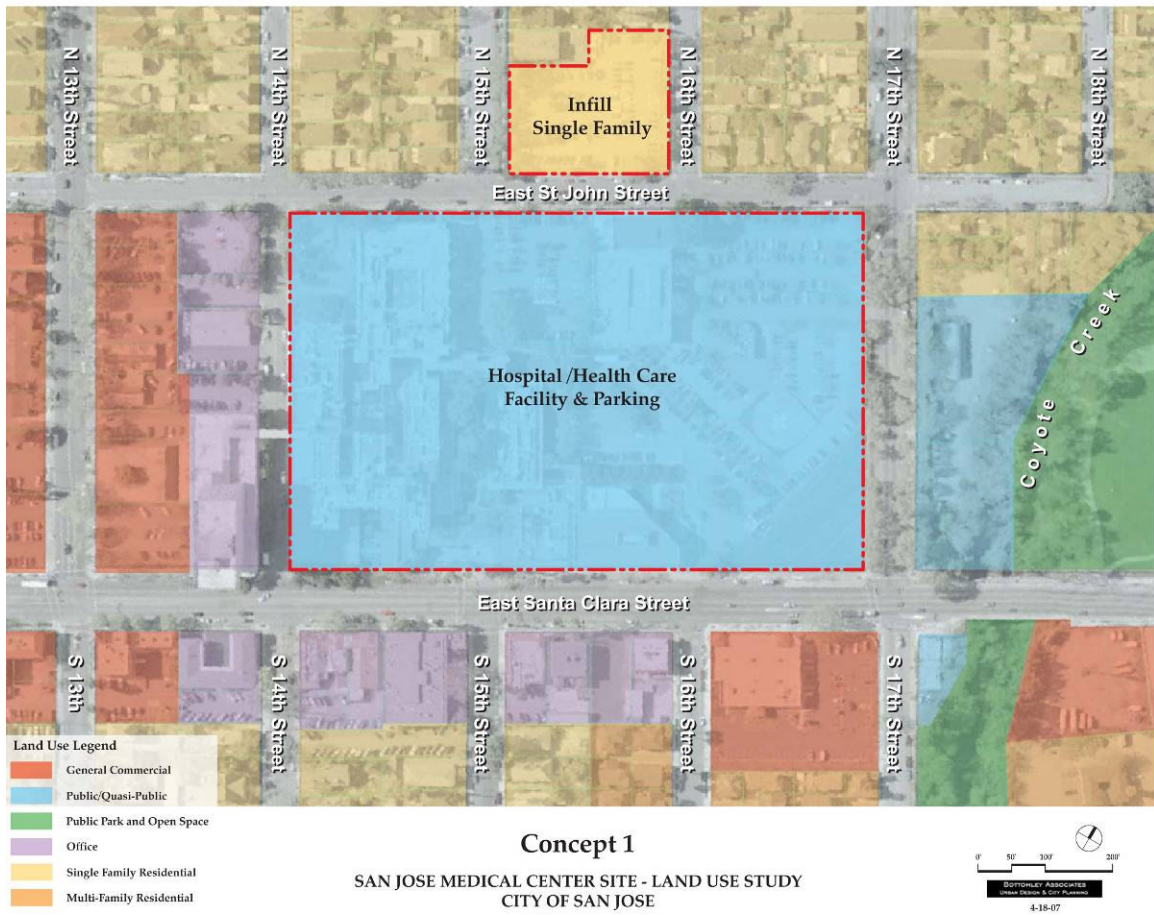
**Concept 2 – Hospital/Health Care and Seniors Housing** - This concept preserves the southerly half of the SJMC site for Public/Quasi-Public land use and designates the northerly half-block for seniors-related housing. Based on SAC discussions, this could be a Continuing Care Retirement Facility (CCRC) or seniors housing without a health care component.

The goals of this concept are to: a) provide for a new hospital/health care facility on-site, b) accommodate local demand for seniors living facilities, and c) buffer neighborhood areas to the north with a residential frontage along E. St. John Street. This concept provides for through-block pedestrian- and bicycle-only access along the alignments of 15<sup>th</sup> and 16<sup>th</sup> Streets, connecting neighborhood areas north of the site to East Santa Clara Street while protecting them from cut-through traffic.

Pros (+) and cons (-) are:

- (+) Same as Concept 1
- (+) CCRC could benefit from proximity to Health Care
- (+) CCRC is a quiet, low trip-generating use; i.e., could accommodate significant density, support ESC Street businesses if a mix of independent living and life care residences.
- (+) CCRC could benefit from proximity to Creek, park
- (+) Supports local medical office businesses, building occupancies
- (-) Depending on design/orientation, CCRC may not be best complement to single family on E. St. John Street
- (-) Hospital sirens, noise, service could impact CCRC
- (-) Potential for redundant services depends on how the two development types are programmed
- (-) Requires demolition of all site facilities to proceed; may be difficult to phase
- (-) Hospital/health care land use not guaranteed by P/Q-P land use designation  
i.e., site could remain vacant or be developed with non-health care use

**Concept 3 – Hospital/Health Care, Townhouse Residential, Frontage Mixed-Use** - This concept retains the P/Q-P designation for a 5-acre area in the southwest portion of the block adjacent to the Chavez medical office building. The goals of this concept are to: a) provide for a new hospital/health care facility on-site, b) incorporate residential development complementary in scale to adjacent neighborhood areas, and c) provide for locally-oriented commercial and residential use along E. Santa Clara Street. Similar to Concept 2, this concept provides for through-block pedestrian- and bicycle-only access along the alignments of 15<sup>th</sup> and 16<sup>th</sup> Streets.





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Pros (+) and cons (–) are:

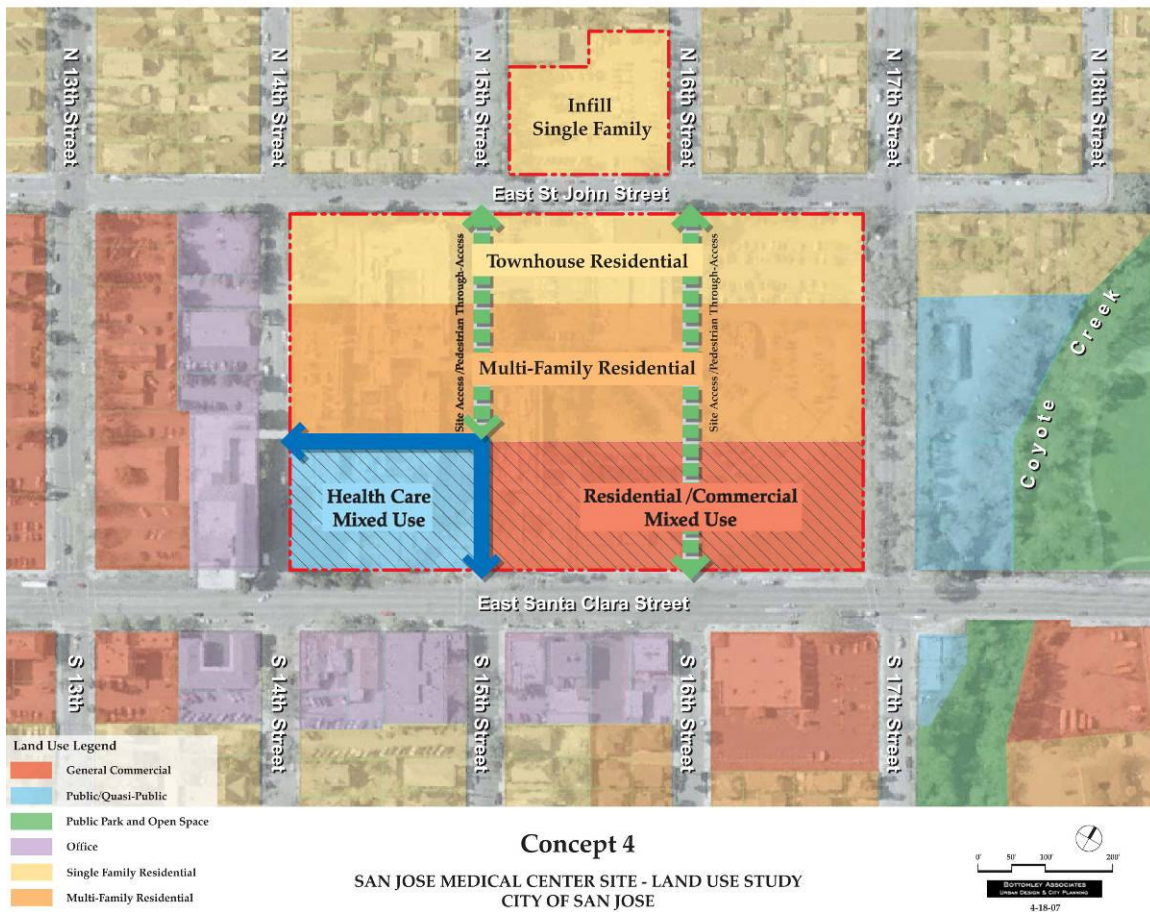
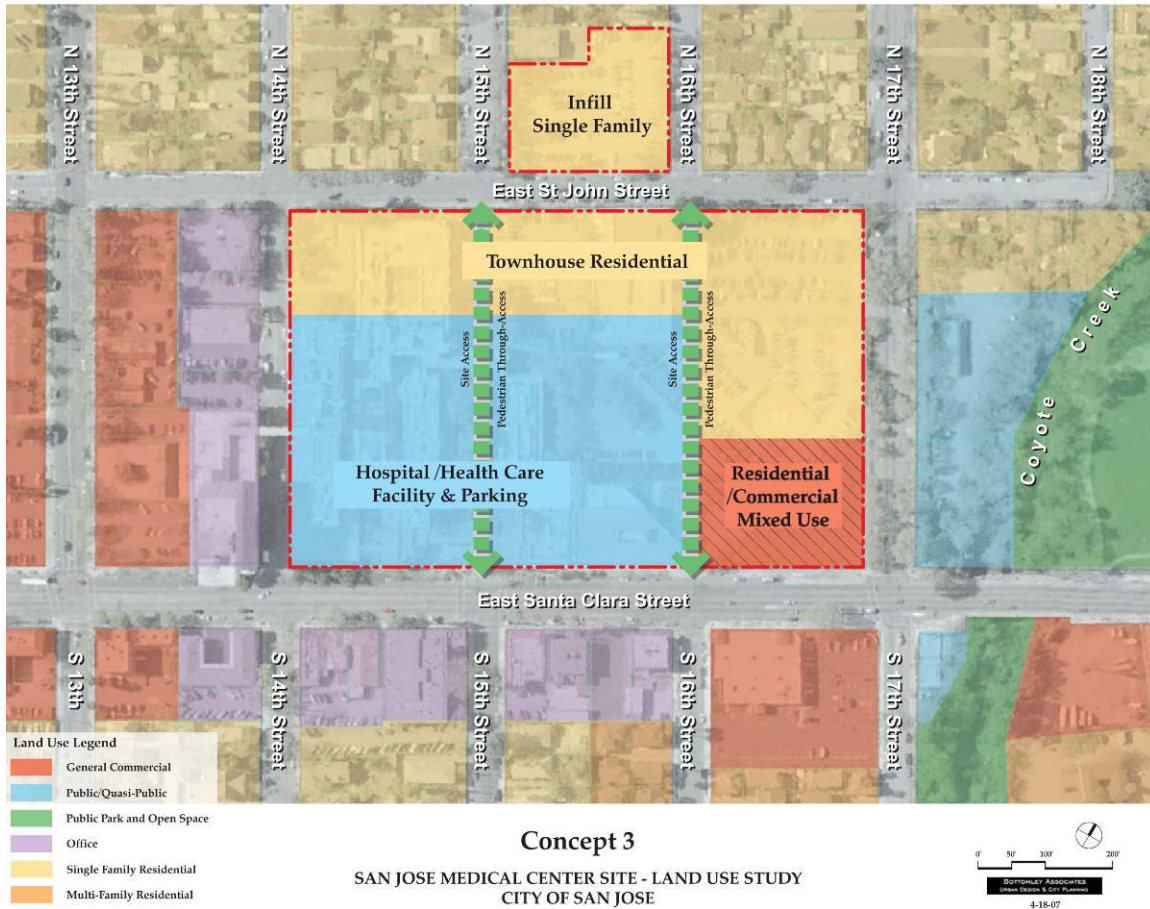
- (+) Same as Concept 1
- (+) Townhouse residential a good complement to nearby single family
- (+) Potential to phase east third of site independent of rest (independent of demo, etc.)
- (+) Residential/commercial mixed-use development (MXD) helps animate ESC Street, promote business activity, etc.
- (+) Townhouse, apartment residents benefit from proximity to Creek and park
- (+) Supports local medical office businesses, building occupancies
  
- (–) Hospital noise, transition, etc, similar to Concept 2
- (–) Corner MXD site may be small for stand-alone project
- (–) Hospital/health care land use not guaranteed by P/Q-P land use designation i.e., site could remain vacant or be developed with non-health care use

**Concept 4 – Mixed-Use Frontage w/Health Care, Stepped-Density Residential** - This concept provides for health care use on a one- to two-acre area at the southwest corner of the site. It is assumed the health care use would include primary and urgent care clinic facilities in a multi-story, street-fronting building, perhaps with additional medical office space. Mixed residential-over-storefront commercial development extends east along the E. Santa Clara to N. 17<sup>th</sup> Street. Building heights would step down from south to north, with residential-over-commercial along E. Santa Clara, to multi-unit residential development mid-block, to townhouses along E. St. John Street.

The goals of this concept are to: a) provide for a new health care facility in the near term, b) incorporate significant residential development that supports revitalization of the E. Santa Clara NBD, and c) strengthen the NBD frontage on E. Santa Clara Street. Similar to Concept 2, this concept provides for through-block pedestrian- and bicycle-only access along the alignments of 15<sup>th</sup> and 16<sup>th</sup> Streets.

Pros (+) and cons (–) are:

- (+) Maintains health care use; similar benefits but reduced from Concept 1
- (+) Stepping down intensity from frontage to the north/neighborhood area, allows for mix of housing types, variety of incomes, tenants, etc.
- (+) Expanded commercial w/MXD more developable, will strengthen ESC Street NBD
- (+) Similar housing/variety benefits to Concept 3
- (+) Potential to incorporate clinic in continuous NBD frontage
- (+) Offers significant market-based potential for property development, from which subsidy of clinic may be derived.
  
- (–) Similar to other concepts with transition use impacts, but reduced
- (–) Full-service hospital not envisioned



### **Concept 4a – Mixed-Use Frontage w/Stepped-Density Residential, Health Care on**

**Alternate Site** - This concept designates an alternate site, such as the Chavez office building or other nearby property, for community-oriented clinic facilities. Similar to Concept 4, mixed residential-over-storefront commercial development would extend along the E. Santa Clara from N. 14<sup>th</sup> to N. 17<sup>th</sup> Street. Building heights would step down from south to north, with residential-over-commercial along E. Santa Clara, to multi-unit residential development mid-block, to townhouses along East St. John Street.

Pros (+) and cons (-) different from Concept 4 are:

- (+) Implicit assumption that funding and operator for a community clinic on-site has been established
- (+) Offers most market-based potential for property development, from which subsidy of clinic may be derived

**Concept 5 - Land Bank** - This concept designates the entire 11-acre superblock for City acquisition; it is assumed that the General Plan designation for the site would remain "Public/Quasi-Public." The goal of this concept is to actively promote development of a Downtown-oriented hospital and supporting medical facilities that reflect current demand and potentials for future Downtown growth.

Pros (+) and cons (-) are:

- (+) Maintains flexibility, future potential for Downtown hospital and supporting health care facilities
- (-) In the meantime, vacant, deteriorating facility continues to negatively impact land values, rents, and tenants; significant negative impact on adjacent neighborhood and NBD
- (-) The cost for acquisition of the entire site very high; this would be a speculative investment for very specific land use(s)

**Concept 6 – Partial Land Bank** - This concept designates the westerly 3.5 acres for City acquisition, with the remainder of the site designated for frontage mixed-use and "stepped density" residential per Concept 4. The goals of this concept are to: a) actively promote development of a small, Downtown-oriented hospital on-site, and, b) provide housing and frontage commercial to support revitalization of the NBD.

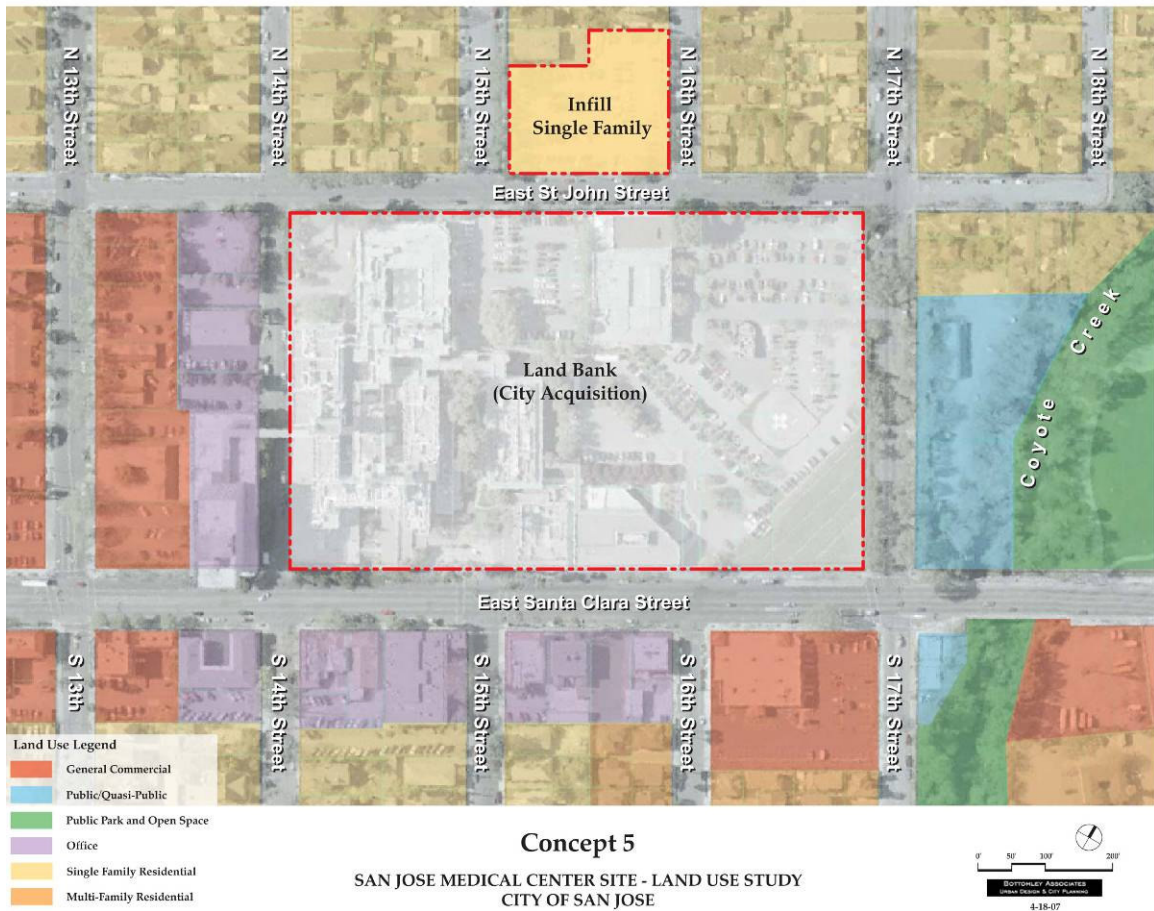
Pros (+) and cons (-) are:

- (+) Similar to Concepts 3 and 4 re: variety of housing types
- (+) Similar to Concept 4 re: benefits MXD frontage

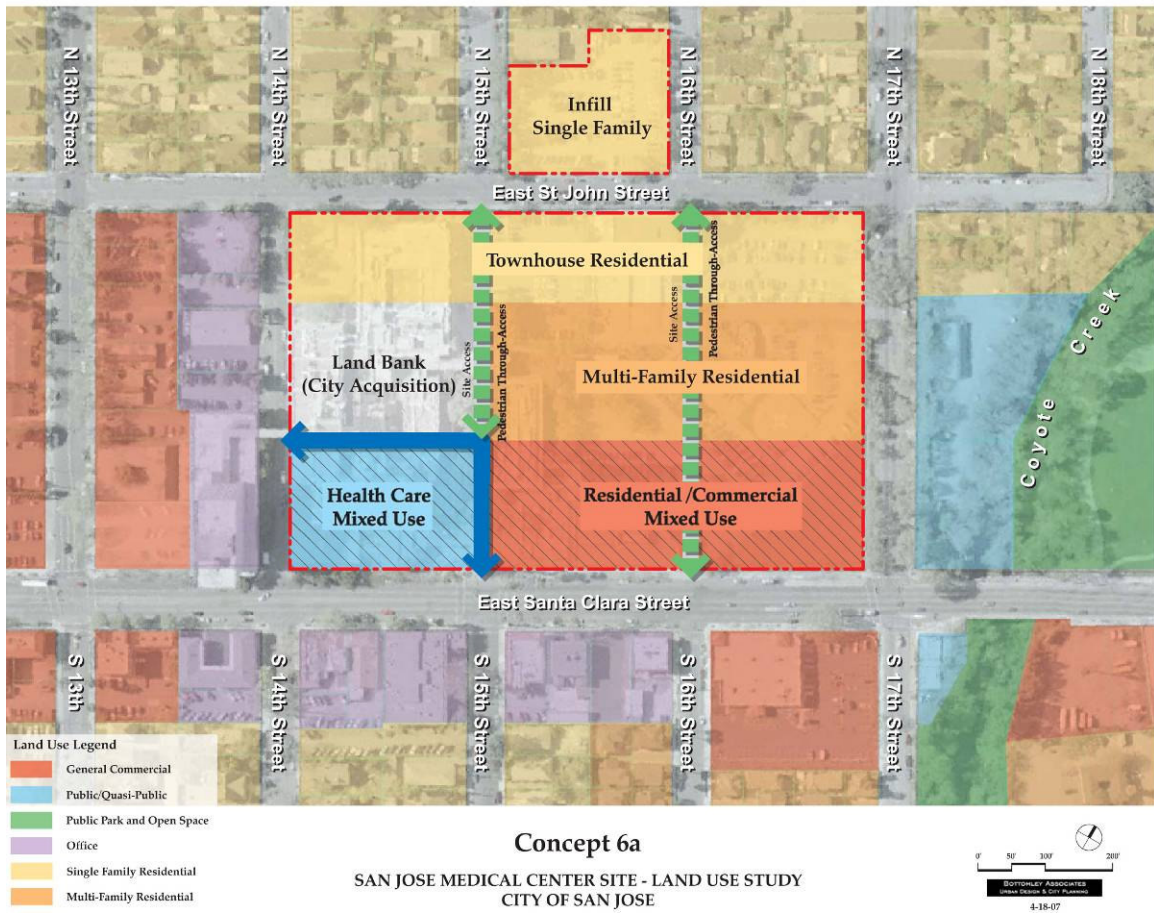
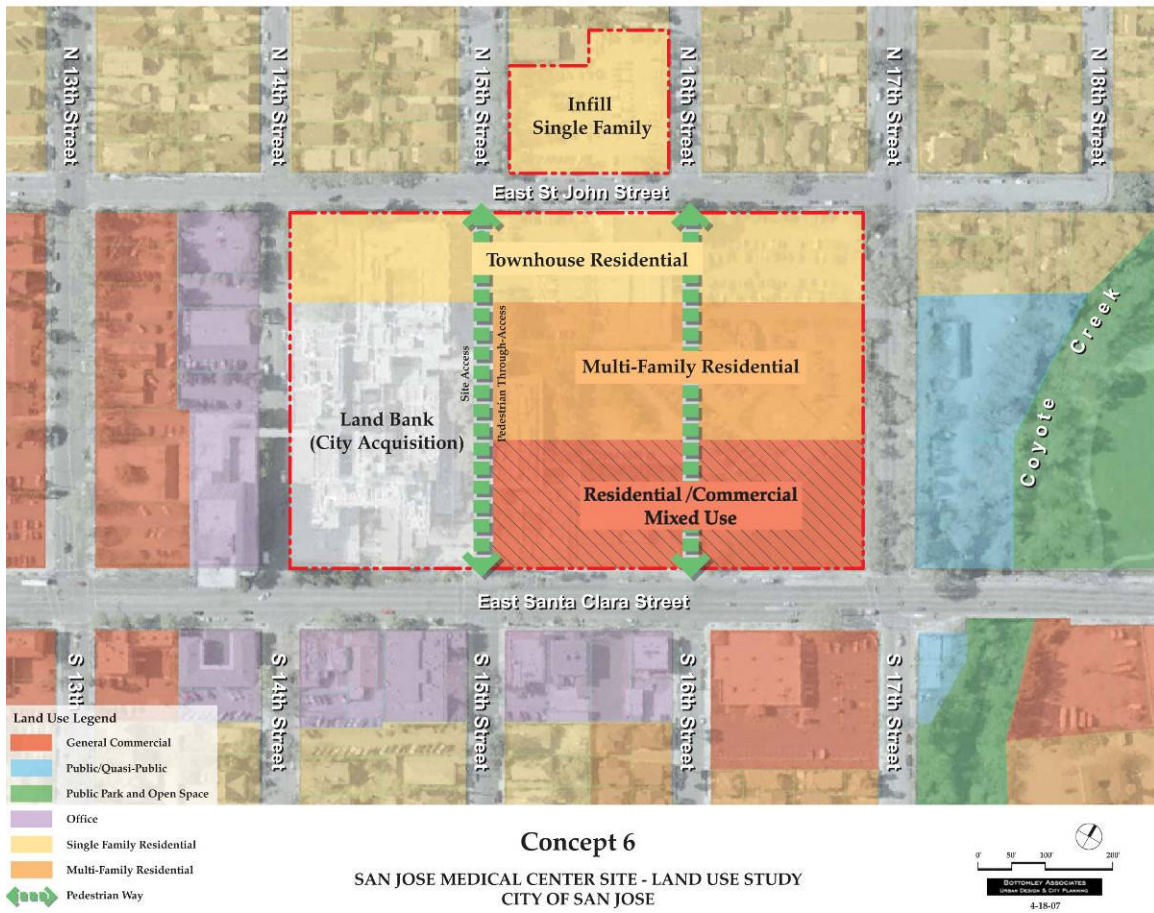
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- (-) Smaller land bank area reduces negatives of vacant land associated with Concept 5.
- (-) Costs for land acquisition, speculative investment for very specific land use(s)









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**Concept 6a – Health Care w/Land Bank** - This concept is a hybrid of Concept 6 and Concept 4. It designates a one- to two-acre area at the southwest corner of the site for primary and urgent care clinic facilities in a multi-story, street-fronting building, plus land bank/acquisition of additional land along N. 14<sup>th</sup> Street for expansion of health care facilities at some point in the future. Similar to Concept 4, mixed residential-over-storefront commercial development extends east along the E. Santa Clara to N. 17<sup>th</sup> Street. Building heights would step down from south to north, from residential-over-commercial along E. Santa Clara, to multi-unit residential development mid-block, to townhouses along East St. John Street.

Pros (+) and cons (–) are:

- (+) Similar to Concepts 3 and 4 re: variety of housing types
- (+) Similar to Concept 4 re: benefits of mixed-use frontage
- (–) Smaller land bank area reduces negatives of vacant land associated with Concept 6.
- (–) Full-service hospital not envisioned
- (–) Costs for land acquisition; a speculative investment for very specific land use(s)

### **Potential Effects of Land Reservation for a Hospital**

Four of the land use concepts considered by the Stakeholder Advisory Committee (Concepts 1, 2, 3, and 5) include reserving all or part of the 11-acre SJMC site for construction of a new hospital and associated medical facilities. Based on the City Council’s initial direction for the land use study, a minimum hospital site land area of 5 acres has been assumed. Though it is not unusual to find urban hospitals on relatively small sites, HCA maintains that 5 acres, and even the entire 11-acre site, would be too small for the type of new campus facility that hospital providers would want to develop.

The analysis of local hospital capacities and expansion plans contained in the Zaretsky Study, and a subsequent update by Dr. Zaretsky, indicates that demand for hospital beds would not support construction of a new hospital (minimum 150 beds) until from 2015 to 2020. Until at least 2015, then, land reserved for a hospital on the former SJMC site would remain vacant. Even with land reserved expressly for development of a new hospital there is a considerable risk that a future operator may prefer to construct a new facility in a different location, within future growth areas, closer to major highways, on a larger site, or based on other factors outside the city’s control.

The upside benefit of reserving land for a hospital is the possibility of re-establishing the SJMC site as the focus of health care for the greater Downtown area, with associated benefits for surrounding residential and commercial properties. The downside risk is the effects of a large vacant site on the surrounding East Santa Clara Street Neighborhood Business District (NBD) and adjacent single-family residential areas. Vacant property generally has a negative relative effect on the value of adjacent occupied properties, even if the vacant property is adequately

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maintained. From a land use standpoint, the effect of reserving land at the former SJMC site for a future hospital – either as the result of City policies that prohibit competing land uses, or through outright City acquisition – are therefore likely to be negative.

Due to the speculative nature of the use for which the property is being held, surrounding properties, particularly medical office- and commercially-zoned properties along the East Santa Clara Street frontage, could be expected to be especially impacted by the likely long-term nature of the vacancy. If prospects for development of a hospital were strong, surrounding property owners and tenants could be expected to invest accordingly, particularly on the local medical office-related sites. With near- and medium-term development prospects doubtful, however, increasing vacancies on nearby sites can be expected, depressing land values on surrounding commercial and residential properties. The upside benefits of reserving land for a hospital are not likely to affect local land uses in the near term, while the downside impacts are real, current, and would likely continue.

Pressure for changes to land use designations for adjacent from medical-office to other land uses that have more market support, such as residential, retail/commercial, or larger-scale office, could be expected. New development that would accompany these changes may or may not be consistent with the community's vision for the E. Santa Clara Street NBD. Of particular concern is the viability of storefront commercial development, the characteristic NBD land use. A consistent storefront frontage along both sides of a street is generally required for a successful NBD. Retaining all or a significant portion of the former SJMC as vacant property could be expected to deter this form of development across E. Santa Clara Street and/or on remaining portion(s) of the former SJMC site itself. Residential land uses are sensitive to views and the surrounding environment generally, and proximity to a large, long-term vacant site could be expected to deter this land use as well.

### **Other Potential Hospital Sites Studied by the SAC**

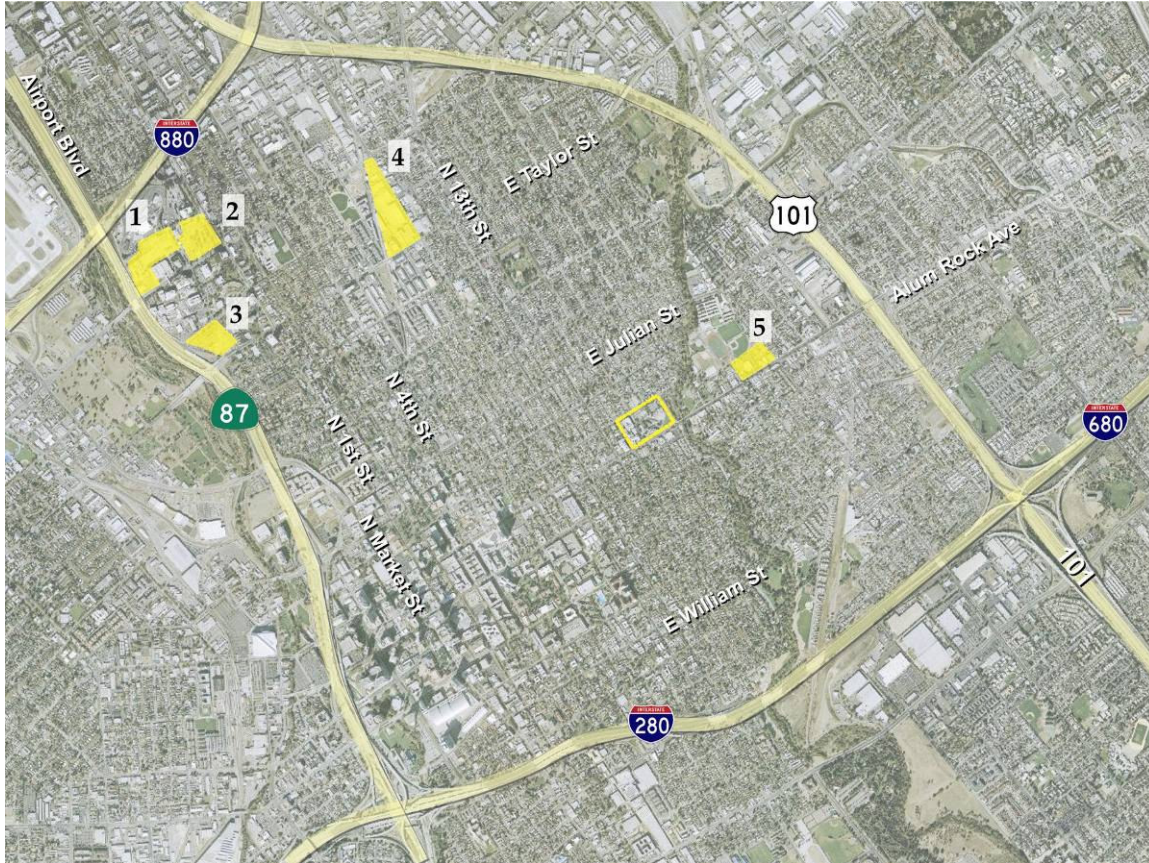
At approximately 11.1 acres, the former SJMC site appears large enough to accommodate a new urban hospital containing up to 150 beds, ancillary medical services and associated structured parking. For the purposes of evaluation, City of San Jose staff compiled a list of other vacant, privately-owned parcels 5 acres or greater in size, and a list of Redevelopment Agency-owned parcels indicating existing use and/disposition (but not size). There are approximately 144 vacant privately owned sites, though many of these are not located in places appropriate for a hospital. Only 8 sites are designated "Transit Corridor Residential (20+ DU/AC)" in the General Plan, with close proximity to existing transit services. Many of the sites are in outlying, industrial, or low-density residential areas; a number of these are planned for future large-scale development (see next section). Of the 48 Agency-owned properties, almost all are committed to future development projects.

Among the better situated Downtown area sites are: a) the 12-acre County-owned former Armory site adjacent to North 1<sup>st</sup> Street; b) the 7-acre City-owned parking lot site adjacent to the



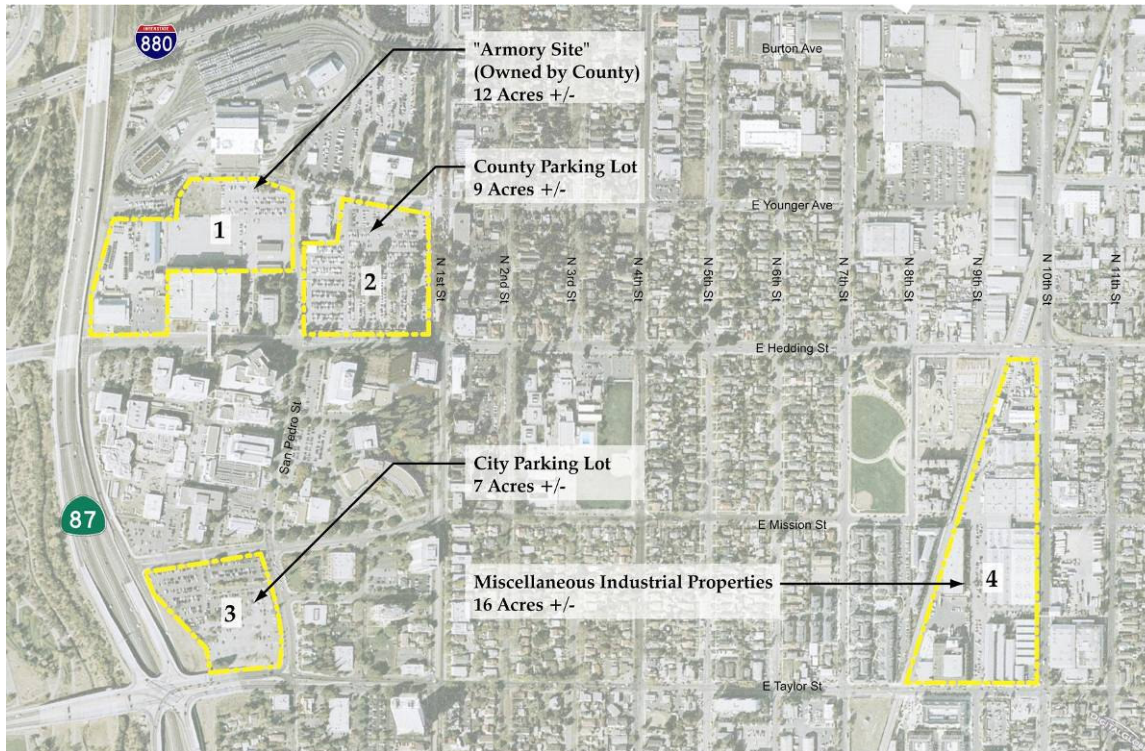
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former City Hall along North 1<sup>st</sup> Street, and; c) the 6-acre former County Health Services site and adjacent properties on E. Santa Clara Street between North 21<sup>st</sup> and North 24<sup>th</sup> Streets. Similar to the former SJMC site, these sites are designated “Public/Quasi-Public” by the General Plan. Frontage properties adjacent to the former County Health Services site contain commercial buildings and the local Portuguese Hall, and are designated for “General Commercial” use.

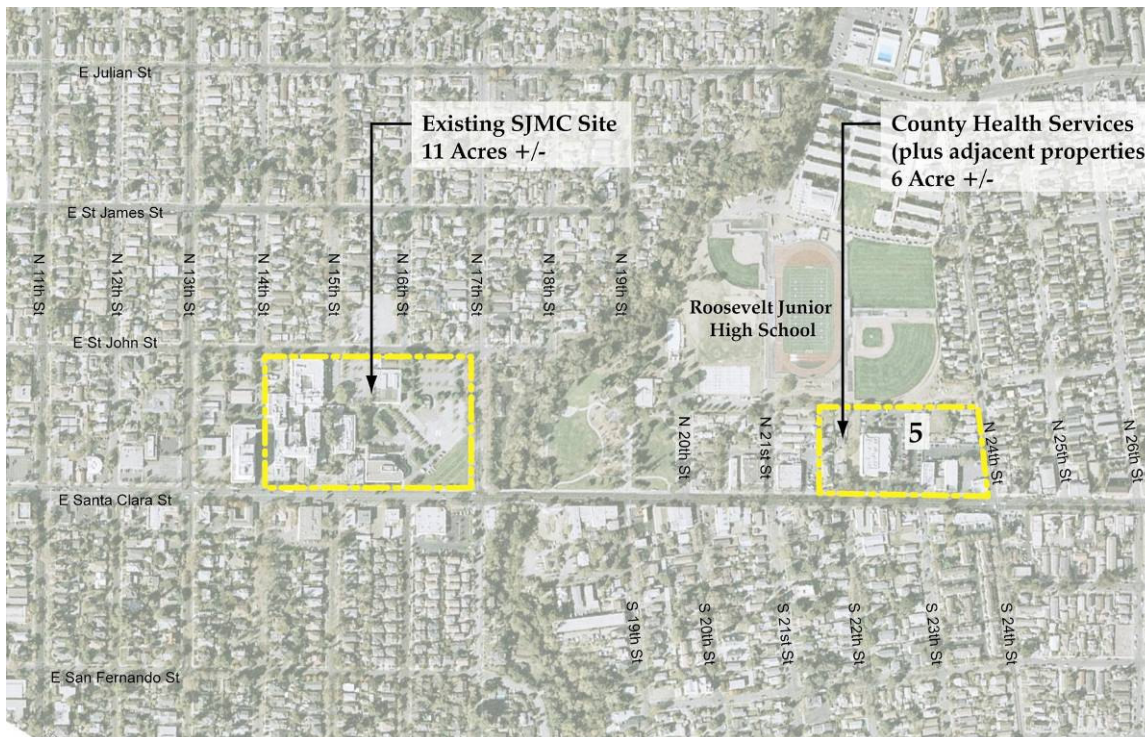


**Potential Downtown Area Hospital Sites**





Downtown Area Sites – North



SJMC and County Health Sites

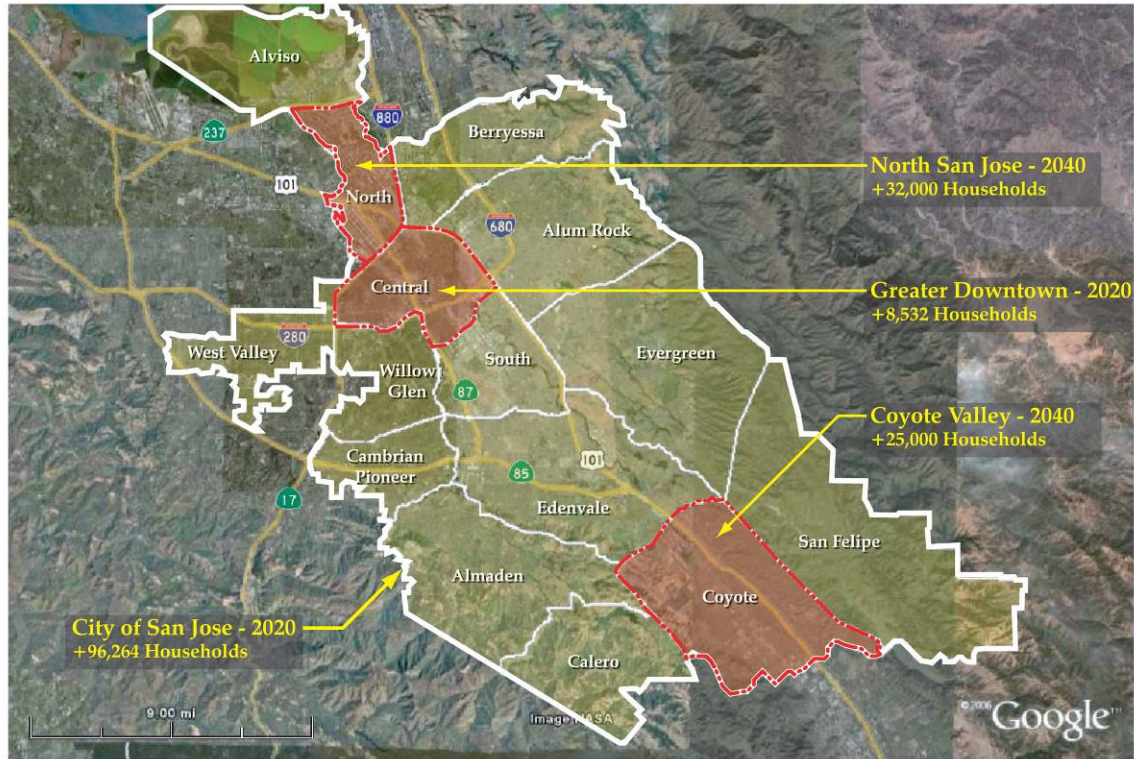
### Future City Growth and Hospital Demand

Greater Downtown (“Central”) San Jose experienced dramatic population growth over the past 8 years, with approximately 6,800 new households added to the area between 1999 and 2007. In large part, this growth was due to concerted efforts by the City and the Redevelopment Agency to encourage new, higher-density residential development in proximity to Downtown’s transit and commercial services. By the year 2020, the City estimates that San Jose as a whole will add approximately 96,000 households, or approximately 192,000 new residents (average two residents per household). Of this amount, 8,500 households, or 9%, are anticipated within the Greater Downtown area.

Based on a rule-of-thumb demand of 2 hospital beds per 1,000 residents, overall City growth could be expected to generate demand for up to 384 beds by 2020, or the equivalent of two 150+ bed hospitals. A significant portion of this demand may be met by expansion of existing facilities, as noted previously. With growth of approximately 17,000 residents (i.e., demand for 34 beds), Downtown growth alone, however, would not be likely to support development of a new hospital.

Most of the City’s future growth is expected to occur in the North San Jose and Coyote Valley areas. At build-out, each of these areas would be the size of a small city. By the year 2040, North San Jose is anticipated to contain up to 32,000 new households, or 64,000 new residents. Coyote Valley is anticipated to contain up to 25,000 households, or 50,000 new residents. Given likely demand for at least one more hospital by 2015-2020, it would be appropriate to plan for it in one of the two areas in which the most additional population growth is anticipated, and where parcel size is not as constraining a factor. Each of these areas has different factors to consider. North San Jose is planned for the most growth, and a hospital located to serve both that area and Downtown would seem logical. Less growth and density is anticipated for Coyote Valley, however South San Jose is currently under-served geographically, with existing hospitals located in the northern and western portions of the city.





San Jose Growth Areas



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT:** SEE BELOW

**DATE:** March 20, 2006

Approved

Date

3/20/06

## SUPPLEMENTAL

COUNCIL DISTRICT: 3  
SNI AREA: 13<sup>th</sup> Street

**SUBJECT: SJ MEDICAL CENTER SITE COMMUNITY ENGAGEMENT  
FRAMEWORK.**

## REASON FOR SUPPLEMENTAL

The reason for this supplemental memorandum is to present a framework for community engagement, including composition and selection of a Stakeholders Advisory Committee, for the San Jose Medical Center Land Use/Healthcare Study.

## RECOMMENDATIONS

- Approve recommended community engagement framework for the San Jose Medical Center site,
- Approve the recommended composition of the Stakeholder Advisory Committee,
- Direct Administration to invite individuals from each of the named organizations to participate in the Stakeholder Advisory Committee,
- Direct the Administration to convene the initial meeting of the Stakeholder Advisory Committee within 30 days,
- Direct Administration to begin implementation of the Council approved four phase work plan, and



- Direct San Jose Redevelopment Agency, in coordination with the Department of Planning, Building and Code Enforcement, to assume responsibility for implementing the recommended community engagement framework.

## **BACKGROUND**

In December of 2005, the City Council directed staff to begin work on the San Jose Medical Center Land Use/Healthcare Study, including identifying individuals interested in participating on a Stakeholders Advisory Committee. Staff recognizes the need to engage the whole community while identifying a balanced group of individuals who can represent the interests of the immediate neighborhoods, the business community, and healthcare community, and the broader community. The proposed community engagement framework presents the overall objectives of the process, the framework assumptions underlying the process, the desired composition of the Stakeholder Advisory Committee, a proposed schedule, and a listing of immediate next steps.

## **ANALYSIS**

### **Overall Objectives**

The overall objectives for the San Jose Medical Center Land Use/Healthcare Study are twofold: 1) to identify priority health care needs and uses for downtown including which uses should be accommodated on the San Jose Medical Center site, and 2) define a feasible land use plan that represents the needs of the community. Said land use plan may result in recommended General Plan amendments or rezonings. To accomplish these overall objectives, a framework for community engagement is being recommended.

### **Framework for Community Engagement**

This community engagement framework envisions a thorough and thoughtful process of outreach, education, and interaction. The Redevelopment Agency (SJRA) resources and experience in community engagement will be a valuable addition to the existing staff team. SJRA connections with the East Santa Clara Street Business Association and the surrounding Strong Neighborhoods will help facilitate the necessary high level of involvement. Below are the assumptions for the Framework for Community Engagement:

### **Framework Assumptions**

- The process must include the active involvement of neighborhood, healthcare, business and community stakeholders as part of a Stakeholder Advisory Committee,
- The process must be open and transparent, with relevant information readily available to all,

- All Stakeholder Advisory Committee meetings will be open to all members of the public interested in participating,
- The process will require outside technical assistance in both land use planning and health care,
- The Stakeholder Advisory Committee will work closely with both the consultants and the staff team throughout the process,
- The Stakeholder Advisory Committee will review any recommendations for the site prior to bringing a report to City Council,
- Opportunities to inform and interact with the greater community must be woven into the entire process, and
- Coordination with County on this health care issue is essential.

### ***Stakeholder Advisory Committee Composition***

An effective Stakeholder Advisory Committee results from balancing size and representation. The recommended composition is a committee of 18 participants representing neighborhoods (6), healthcare (4), economic and business interests (4) and the broader community (4). The specific organizations to be represented are identified below. Staff will work with individuals from each of these organizations to identify specific individuals to participate on the Stakeholder Advisory Committee.

ORGANIZATION	CATEGORY
1. 13 <sup>th</sup> Street NAC	Neighborhoods
2. University Neighborhoods Coalition	Neighborhoods
3. Five Wound Brookwood Terrace NAC	Neighborhoods
4. Horace Mann Neighborhood Association	Neighborhoods
5. Naglee Park Campus Community Association	Neighborhoods
6. Julian St. James Neighborhood Association	Neighborhoods
7. HCA/Regional Medical Center	Healthcare
8. San Jose Medical Group	Healthcare
9. SCV Health & Hospital System	Healthcare
10. Community Healthcare Professional	Healthcare
11. San Jose Downtown Association	Business
12. East Santa Clara Business Association	Business
13. East Santa Clara Business Association	Business
14. Vietnamese Chamber of Commerce	Business
15. Central Labor Council	Broader Community
16. Coalition for a Downtown Hospital	Broader Community
17. Santa Clara County Social Services	Broader Community
18. Housing	Broader Community

## Community Engagement Schedule

As outlined in the December 6, 2005 City Council memorandum, the community engagement schedule will follow four phases reviewed below. One of the first tasks will be the development of a more refined community engagement schedule that will break these phases down into series of defined community meetings each with clear objectives. The community engagement schedule will be presented to City Council as an informational memorandum. The schedule will set out a process that provides the Stakeholder Advisory Committee with the information needed to make an informed recommendation, and will provide a dynamic structure for generating and evaluating a range of options.

PHASE	DESCRIPTION
<b>I. Defining Study's Scope of Work</b>	<i>Key Question – Why?</i> The initial task is to clarify the mission of the Stakeholder Advisory Committee and the vision for the site. The mission and vision will drive the subsequent data gathering phase and directly inform the consultant scope of services, and the internal team composition.
<b>II. Working with the Consultant</b>	<i>Key Question – What?</i> The provision of information, data, expert opinion and context is the core task for this phase. The Stakeholder Advisory Committee needs to develop a common understanding of the issues and a common language to discuss them.
<b>III. Evaluation of Choices</b>	<i>Key Question – What if?</i> This is the phase of developing alternatives and options (and objective criteria for evaluating them.) It is the opportunity for the Stakeholder Advisory Committee to explore concepts and try out various combinations of ideas. The process will also include a back and forth dialogue with the greater community, taking concepts out for feedback and then refining them with the smaller committee.
<b>IV. Developing a Preferred Recommendation</b>	<i>Key Question – What to do?</i> In the final phase the primary task is crafting a preferred recommendation that will allow the vision for the site to unfold. This will involve structured and interactive exercises to help the Stakeholder Advisory Committee identify which alternative creates the best balance and offers the strongest opportunities for the site.

The end result of this will be to bring the preferred alternative, with appropriate general plan amendment and zoning change recommendations to the City Council for consideration.

### ***Immediate Next Steps***

Below are some immediate next steps that will be taken should the Council direct staff to proceed with the recommended community engagement framework:

- Set date and location for initial meeting,
- Invite individuals to participate in Stakeholder Advisory Committee,
- Meet individually with potential Stakeholder Advisory Committee members,
- Meet with representatives of the organizations,
- Develop refined community engagement schedule and agenda for first meeting,
- Develop website with all information developed to date, and information on upcoming meetings,
- Conduct initial meeting, and debrief
- Refine community engagement schedule based on first meeting, and
- Inform City Council of refined community engagement schedule.

### **OUTCOMES**

Approval of the Community Engagement Framework for the San Jose Medical Center Land Use/Healthcare Study which would allow staff to move forward with the formation of the Stakeholder Advisory Committee and the Planning process.

### **PUBLIC OUTREACH**

Initial contact has been made with some interested groups identified in the recommended framework. Additional outreach will be conducted per the recommended framework.

### **COORDINATION**

This memo has been coordinated with the City Manager's Office, the Department of Planning, Building and Code Enforcement, the Office of Economic Development, the City Attorney's Office and the Redevelopment Agency.

HONORABLE MAYOR AND CITY COUNCIL

March 20, 2006

**Subject: SJ Medical Center Site Community Engagement Framework**

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**CEQA**

Not a project.

A handwritten signature in black ink, appearing to read "Joseph Horwedel". The signature is stylized with large, fluid loops and a prominent initial "J".

JOSEPH HORWEDEL, ACTING DIRECTOR  
Planning, Building & Code Enforcement